



TRANSMITTAL OF APPEAL BRIEF

Docket No.
20107/1200838-US1

In re Application of: Earl Rotman et al.

Application No.
10/709,329-Conf. #3328

Filing Date
April 28, 2004

Examiner
N. B. Nguyen

Group Art Unit
3628

Invention: SYSTEM AND METHOD FOR CREATING TRADEABLE FINANCIAL UNITS

TO THE COMMISSIONER OF PATENTS:

Transmitted herewith is the Appeal Brief in this application, with respect to the Notice of Appeal filed: August 11, 2005.

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Small Entity



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Dated: June 30, 2006



Application No. (if known): 10/709,329

Attorney Docket No.: 20107/1200838-US1

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Fee Transmittal (1 page)

Appeal Brief Transmittal (1 page)

Appelants' Brief on Appeal Under 37 C.F.R. §41.37 (25 pages, triplicate copies)

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FEE TRANSMITTAL For FY 2006		Complete if Known	
		Application Number	10/709,329-Conf. #3328
		Filing Date	April 28, 2004
		First Named Inventor	Earl Rotman
		Examiner Name	N. B. Nguyen
<input type="checkbox"/> Applicant claims small entity status. See 37 CFR 1.27		Art Unit	3628
TOTAL AMOUNT OF PAYMENT		(\$)	500.00
		Attorney Docket No.	20107/1200838-US1

METHOD OF PAYMENT (check all that apply)	
<input checked="" type="checkbox"/> Check	<input type="checkbox"/> Credit Card
<input type="checkbox"/> Money Order	<input type="checkbox"/> None
<input type="checkbox"/> Other (please identify): _____	
<input type="checkbox"/> Deposit Account Deposit Account Number: <u>04-0100</u> Deposit Account Name: <u>Darby & Darby P.C.</u>	
For the above-identified deposit account, the Director is hereby authorized to: (check all that apply)	
<input type="checkbox"/> Charge fee(s) indicated below	<input type="checkbox"/> Charge fee(s) indicated below, except for the filing fee
<input checked="" type="checkbox"/> Charge any additional fee(s) or underpayment of fee(s) under 37 CFR 1.16 and 1.17	<input checked="" type="checkbox"/> Credit any overpayments

FEE CALCULATION (All the fees below are due upon filing or may be subject to a surcharge.)							
1. BASIC FILING, SEARCH, AND EXAMINATION FEES							
	FILING FEES		SEARCH FEES		EXAMINATION FEES		
		Small Entity		Small Entity		Small Entity	
Application Type	Fee (\$)	Fee (\$)	Fee (\$)	Fee (\$)	Fee (\$)	Fee (\$)	Fees Paid (\$)
Utility	300	150	500	250	200	100	
Design	200	100	100	50	130	65	
Plant	200	100	300	150	160	80	
Reissue	300	150	500	250	600	300	
Provisional	200	100	0	0	0	0	
2. EXCESS CLAIM FEES							
						Small Entity	
						Fee (\$)	Fee (\$)
Fee Description							
Each claim over 20 (including Reissues)						50	25
Each independent claim over 3 (including Reissues)						200	100
Multiple dependent claims						360	180
Total Claims		Extra Claims	Fee (\$)	Fee Paid (\$)	Multiple Dependent Claims		
_____ - = _____		x _____	= _____		Fee (\$)		Fee Paid (\$)
HP = highest number of total claims paid for, if greater than 20.							
Indep. Claims		Extra Claims	Fee (\$)	Fee Paid (\$)			
_____ - = _____		x _____	= _____				
HP = highest number of independent claims paid for, if greater than 3.							
3. APPLICATION SIZE FEE							
If the specification and drawings exceed 100 sheets of paper (excluding electronically filed sequence or computer listings under 37 CFR 1.52(e)), the application size fee due is \$250 (\$125 for small entity) for each additional 50 sheets or fraction thereof. See 35 U.S.C. 41(a)(1)(G) and 37 CFR 1.16(s).							
Total Sheets		Extra Sheets	Number of each additional 50 or fraction thereof		Fee (\$)	Fee Paid (\$)	
_____ - 100 = _____		/50	_____ (round up to a whole number) x _____		= _____		
4. OTHER FEE(S)							
						Fees Paid (\$)	
Non-English Specification, \$130 fee (no small entity discount)							
Other (e.g., late filing surcharge): <u>1402 Filing a brief in support of an appeal</u>						<u>500.00</u>	

SUBMITTED BY			
Signature		Registration No. (Attorney/Agent)	47,698
Name (Print/Type)	Richard J. Katz	Telephone	(212) 527-7700
		Date	June 30, 2006

Dated: _____

In application of: Earl ROTMAN et al.

Serial No.: 10/709,329

Filed: April 28, 2004

For: SYSTEM AND METHOD FOR CREATING TRADEABLE FINANCIAL UNITS

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Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

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Appellants submit this brief in accordance with 37 C.F.R. § 41.37 in support of their appeal from the Office Action, mailed January 17, 2006 by Examiner Nga B. Nguyen, and the Notice of Panel Decision from Pre-Appeal Brief Review, mailed June 2, 2006, in the above-identified patent application.

The present application has been granted special status (See, Decision on Petition to Make Special, mailed June 18, 2004). Additionally, the present application is participating in the Pre-First Office Action Interview Program announced March 31, 2004. Accordingly, Appellants request accelerated treatment of this brief.

In accordance with the Pre-Appeal Brief Conference Program, “the period of time for filing the appeal brief will be the later of the two-month period set in 37 C.F.R. § 41.37(a) or one month from the mail date of the decision on the request.” *See* USPTO OG Notice: July 13, 2005. Therefore, Appellants submit that this Appeal Brief is timely filed, and requires no extension of time fees. However, the Commissioner is hereby authorized to charge any unpaid fees deemed

4. Claims allowed: none;

5. Claims rejected: 1-74.

Claims 1-74 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The claims on appeal are claims 1-74.

For the purpose of the present appeal, Appellants request that article claims 1-18, 30-49, 61-62 and 73-74 be considered to form a first group. Appellants further request that method claims 19-29, 50-60 and 63-72 be considered to form a second group.

IV. STATUS OF AMENDMENTS

No amendments have been filed subsequent to the January 17, 2006 Office Action.

V. SUMMARY OF CLAIMED SUBJECT MATTER

The claimed invention is directed to a system and method relating to offerings of securities in a company. The claimed article relates to a financial instrument suitable for trade as a unit, where the unit represents both ownership of an equity share of a company and ownership of a debt of the company. (Specification page 9, lines 20-22, Figs. 1, 3; 6, and 7.) The unit represents both equity and debt of a company in a prescribed way according to a predetermined ratio. The claimed article can also include additional features making the unit suitable for a subsequent offering by the company. (Specification page 22, line 19 through page 23, line 6, Figs. 2 and 7.) The method claims recite steps which create the article suitable for trading as a unit. Method claims also recite steps which decompose the article suitable for trading into its constituent components. (Specification page 25, line 18 through page 26, line 4, Fig. 4.)

A company offers the unit to potential holders (i.e., investors) who then have simultaneously a direct ownership interest in the equity of the company and a direct ownership

nearly all its free cash flow to the holders of the claimed invention in the form of interest and dividend payments. (Specification, page 11, lines 19-20.) Holders of the claimed invention retain direct ownership interest in the equity and debt represented by the tradeable units, which is a distinguishing feature over the conventional financial units previously available in the art. (Specification page 15, lines 20-22.)

MPEP § 2106, Examination Guidelines for Computer Related Inventions (“Guidelines”), instructs that during examination the Examiner should point out statements made in the Specification that identify all practical applications for the invention, and that the Examiner should rely on such statements throughout the examination. MPEP page 2100-6. Further, the Guidelines instruct the Examiner that “only one [practical application] is necessary to satisfy the utility requirement.”

The Examiner errs in relying on a “separate technological arts” requirement and in failing to recognize that all of the pending claims satisfy the requirements of 35 U.S.C. § 101. Claims 1-74 satisfy the actual, existing Guidelines for statutory subject matter, and withdrawal of the rejection is appropriate for this reason alone.

Grounds of Rejection No. 1

The Article Claims Represent a New Form of Capital Structure That Comports With the Federal Circuit’s Jurisprudence For a Concrete, Tangible and Useful Result.

Claims 1-18, 30-49, 61-62 and 73-74 are within the Federal Circuit’s jurisprudence of what constitutes statutory subject matter. These claims are directed to “an article suitable for trade.” The article recited in these claims is a new form of a capital structure for a company, representing equity and subordinated debt in a predetermined ratio as a tradeable unit. The structure of the claimed article suitable for trade is necessarily a transformation or reduction to a different state or thing because the claimed structure has a separate identity from the underlying equity and debt.

12. (Previously Presented) The article of claim 11, wherein the second joint identifying reference comprises a unique number associated therewith to facilitate clearing and settlement of purchases and sales of the unit.

13. (Original) The article of claim 7, wherein the first and the second debts and the sub-unit each have a respective CUSIP number and wherein the unit has a CUSIP number that is different than said respective CUSIP numbers.

14. (Original) The article of claim 7, wherein the first and second debts each comprise at least one instrument selected from the group consisting of: a note, a bond, a promissory note, an interest bearing obligation, and a debenture; and

wherein the equity shares comprises at least one instrument selected from the group consisting of: common stock, preferred stock, and an ownership interest in the company.

15. (Original) The article of claim 7, wherein the unit provides direct ownership of said equity shares and said debt free of any trust certificate(s).

16. (Original) The article of claim 7, wherein at least one of the first debt and the second debt comprises a subordinated debt.

17. (Original) An article suitable for trade as a unit, comprising:

a quantity of equity shares in a company which is capable of paying dividends;

an amount of debt of the company which is interest bearing at a particular rate until a particular maturity date; and

a software reference associating the quantity of equity shares and the amount of debt to a single, unique number suitable for facilitating the clearing and settlement of any purchases and sales of the unit.

25. (Original) The method of claim 23, wherein the offering step comprises a public offering.

26. (Original) The method of claim 23, wherein the first number and the second number are the same unique number.

27. (Original) The method of claim 23, wherein the subsequent offering is made free of any trust certificate(s).

28. (Original) A method of marketing constituent components of an article that is traded as a unit, comprising the steps of:

obtaining dominion over the unit from a holder of the unit, wherein a unique identifying reference number is associated with the unit which jointly represents equity and debt of the company as its constituent components;

separating the unit into the constituent components of equity and debt; and

effecting the transfer of ownership of at least one of the equity and debt.

29. (Previously Presented) The method of claim 28, wherein the debt is a subordinated debt.

30. (Original) An article suitable for trade as a unit, useful in a subsequent offering by a company, comprising:

a quantity of equity shares in the company which is capable of paying dividends;

a first amount of debt of the company which is interest bearing at a particular rate until a particular maturity date;

a second amount of debt of the company which is interest bearing at the particular rate until the particular maturity date;

36. (Previously Presented) The article of claim 32, wherein the unit represents the equity shares and the debt free of any trust certificate(s).

37. (Previously Presented) The article of claim 32, wherein the debt is a subordinated debt.

38. (Previously Presented) An article suitable for trade as a unit in a subsequent offering, comprising:

at least one computer database record representing a first debt of the company which is interest bearing at a particular rate until a particular maturity date, a second debt of the company which is interest bearing at the particular rate until the particular maturity date, and one or more equity shares in a company which is capable of paying dividends; the equity shares, the first debt, and the second debt being represented in a prescribed way according to a predetermined ratio, the database record including an entry identifying a registered holder of the unit.

39. (Previously Presented) The article of claim 38, wherein one of the first debt and the second debt is included in the unit at one of a par value, an original issue discount, and an original issue premium.

40. (Previously Presented) The article of claim 38, wherein the subsequent offering is for a quantity of units and wherein the second debt has an aggregate principal value within the unit which is in proportion to the quantity of units in the subsequent offering.

41. (Previously Presented) The article of claim 38, wherein the first debt and the second debt are represented by a joint identifying reference associated with a sub-unit.

42. (Previously Presented) The article of claim 41, wherein the database record contains a second joint identifying reference associated with the unit, the second joint identifying reference representing the equity shares and the sub-unit.

EVIDENCE APPENDIX

All evidence is in the record.

RELATED PROCEEDINGS APPENDIX

There are no related proceedings for this matter.